Instructions
for preparing the
Base Budget Submission
and Technical Adjustments

2004-2006 Biennial Budget

Department of Planning and Budget
August 2003

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Overview

This section provides a general overview of budget development for 2004-2006

This package of instructions is the first your agency will receive related to development of the Governor's executive budget for the 2004-2006 biennium. This package provides guidance and instructions for preparing three submissions, all of which are **due by September 15, 2003**. The three submissions are:

- Base budget submission for the 2004-2006 biennium
- Technical adjustments for the 2004-2006 biennium
- Other reporting requirements

These instructions apply to all state agencies and institutions of higher education.

Later, the Department of Planning and Budget (DPB) will issue additional instructions for the 2004-2006 budget for submitting "decision packages" containing changes to this base budget (requests for additional funding or funding adjustments). Your final total budget request for the 2004-2006 biennium will consist of the base budget, technical adjustments, and any decision packages that you submit.

You will also receive instructions for preparing nongeneral fund revenue estimates required for development of the 2004-2006 biennial budget.

A brief calendar of key budget development dates:

Action	Key dates
Base Budget Submission	Due to DPB by September 15, 2003
Technical Addenda	Due to DPB by September 15, 2003
Other reporting requirements	Due to DPB by September 15, 2003
Decision Package Submission	Instructions from DPB in mid-September Submission to DPB by October 15, 2003
Nongeneral fund revenue estimates	Due to DPB by November 5, 2003
Governor submits 2004-2006 executive budget	December 17, 2003

About the Base Budget Submission

To develop the base budget for the upcoming biennium, DPB will provide each agency with an individual "Base Budget Guidance" containing a resource target. Your base budget submission can be no more than the target amount shown for both dollars and positions.

The resource target for each agency will be based on the legislative appropriation for FY 2004 (in Chapter 1042, the 2003 Appropriation Act), with certain adjustments such as to account for central appropriations actions, to reflect certain changes approved administratively, to delete one-time costs, or to annualize partial-year funding.

The base budget submission consists of two major parts:

- **Part 1: The activity submission.** This submission arrays your base budget by activity. This submission is made in an Access database that you will transmit to DPB electronically as an e-mail attachment or disk.
- **Part 2: The data submission.** This data submission arrays your base budget by program/subprogram and by object of expenditure (subobject for personal services and major object for nonpersonal services). Agencies will use WebBEARS to prepare and transmit this data submission.

About Technical Adjustments

Your agency may submit proposed technical changes to your budget that do not involve any policy decisions. ***Your DPB budget analyst may direct you to submit certain technical adjustments that were not included in your agency's base budget resource target.***

Examples of technical adjustments are proposals to:

- Shift funds or positions between programs or subprograms,
- Annualize partial-year funding,
- Remove one-time funding, or
- Account for additional nongeneral fund revenue that has been approved or will be approved administratively, such as a federal grant that will continue for several years.

Note: Routine cost or rate increases are not considered technical adjustments. Any change to your agency's budget involving cost increases or decreases due to rate changes or to changes in workload or caseload must be submitted later as a "decision package."

It is recommended that you consult with your budget analyst prior to submitting a proposed technical adjustment, to make sure that your proposal falls within the criteria.

The technical submission consists of two major parts:

- **Part 1: The technical adjustment narrative.** This is a short description of the proposed technical adjustment and the reason for it in a simple Word form that you will transmit to DPB electronically as an e-mail attachment or disk.
- **Part 2: The data submission.** This data submission arrays the technical adjustments by program/subprogram and by object of expenditure (subobject for personal services and major object for nonpersonal services). Agencies will use WebBEARS to prepare this data submission.

About Other Reporting Requirements

In recent years, the General Assembly has enacted several provisions requiring agencies to make reports of certain information. Agencies are required to report annually on:

- **Federal spending** (the percentage of spending from federal funds)
- **Federal mandates** (federal regulations or mandates affecting the agency, with an estimate of the cost of compliance)
- **Federal grants** (federal contracts, loans, or grants in excess of $1.0 million for which agencies may be eligible)
- **Federal matching requirements** (state match required for federal grants your agency expects to receive in the upcoming 2004-2006 biennium)
- **Organizational memberships** (organizational memberships with annual dues of $5,000 or more)

Program & Expenditure Structure

You may need to refer to the Program Structure and Expenditure Structure in making your budget submissions. These documents, revised in June 2003, are now available on DPB's web site and can be downloaded and printed off. (Go to DPB's web site at www.dpb.state.va.us, click on the "Documents and Forms" link, then type in "Program Structure" or "Expenditure Structure" in the Search window).

A few selected agencies have worked with their DPB budget analysts to amend the titles of the programs and subprograms used in the budget. The analysts will send the revised titles to the affected fiscal officers. The affected agencies should submit all appropriate budget requests using the revised structure.

Be sure that your budget submissions use valid subobjects for your agency. Call your budget analyst if you have questions.

Definition of Terms Used in These Instructions

- **FY 2004** means the fiscal year beginning July 1, 2003, and ending June 30, 2004. **FY 2005** means the fiscal year beginning July 1, 2004, and ending June 30, 2005. **FY 2006** means the fiscal year beginning July 1, 2005, and ending June 30, 2006.

- **2004-2006 biennium** refers to the two-year period that begins July 1, 2004 and ends June 30, 2006.

- **2003 Appropriation Act** refers to Chapter 1042, 2003 Acts of Assembly.
(You can access the 2003 Appropriation Act online at: http://leg1.state.va.us/031/sb2.htm. This link takes you directly to the "search" feature for the full text of the 2003 Appropriation Act on the General Assembly's Legislative Information System (LIS) hosted by the Division of Legislative Automated Systems.)

- **Activity** defines one major service your agency delivers or one major endeavor it undertakes. Basically, it is something your agency does to accomplish its goals and objectives. An activity consumes resources and produces a product, service, or result. In many cases, one activity will include several discrete subsidiary endeavors. For example, “budget development and execution” is one of DPB’s activities, and it includes discrete efforts such as “review and analyze agency budget requests,” and “prepare the budget bill.” For institutions of higher education, “activities” are defined as Auxiliary Enterprises (809), Sponsored Programs (110), Student Financial Assistance (108), and each of the seven programs (101-107) within the “major program” of Educational and General Programs (100). Selected institutions of higher education may have additional activities.

Activities may be defined as either “functional” or “support.” Functional activities provide direct services to your agency’s clients or enable your agency to accomplish its mission. For institutions of higher education, these activities will generally be the seven programs (101-107) within the Educational and General Program. Support activities are those that enable your agency to deliver its direct services, such as director’s office, administrative functions, and housekeeping. In some cases, a support activity such as agency accounting could be spread across functional activities. *For higher education, Auxiliary Enterprises, Sponsored Programs, and Student Financial Assistance must be listed as separate support activities.*

- **Technical adjustment** refers to any proposed change to your agency’s budget that does not involve a policy decision.

Service categories:

- **Aid to localities** means any payment made directly to a local government or school division, any payment made on behalf of a local government or school division, or any payment made to an organization that is owned and operated by a local government, such as a public library, planning district commission, or Community Services Board.
- **Aid to individuals** means any payment made directly to an individual resident of the Commonwealth (such as unemployment benefits or welfare checks) or on behalf of an individual (such as Medicaid payments to a provider of medical services for an individual).
- **Grants to private entities** refers to payments to any private organization or group that is not a local, state, or federal government entity, such as a private museum or historic site.
- **Direct services** refers to any activity or function of the agency that provides a direct service to citizens, businesses, or other government entities, or for the benefit of citizens or businesses. Examples include drivers’ licensing by the Department of Motor Vehicles or the tax help line run by the Department of Taxation (direct service to citizens), food inspections for health and safety (services for the benefit of citizens), and personnel services by the Department of Human Resources (services to other state agencies). Exclude from this category any amounts that fall within the “aid to localities, “aid to individuals,” or “grants to private entities” categories.
- **Administrative** refers to any agency activity or function that provides support to its direct services and other activities. Examples include personnel, fiscal, and information technology services.
- **Debt service** refers to interest paid on bonds or other financing of the Commonwealth.

Part 1: Base Budget Submission

This section provides specific details on preparing the base budget submission, including the activity submission and the data submission.

Overview of the Base Budget Submission

The base budget submission is **due on September 15, 2003**. It consists of two major parts:

- **Part 1: The activity submission.** This submission arrays your base budget by activity. In it, you will provide a brief description of each activity and financial data breaking out the resources (dollars and positions) of each activity by program/subprogram and by fund group. This submission is made in an Access database that you will transmit to DPB electronically as an e-mail attachment or disk.
- **Part 2: The data submission.** This data submission arrays your base budget by program/subprogram and by object of expenditure (subobject for personal services and major object for nonpersonal services). Agencies will use WebBEARS to prepare and transmit this data submission.

The resource target

DPB will provide each agency with an individual "Base Budget Guidance" containing a resource target for the base budget. The target for each agency will be based on the legislative appropriation for FY 2004 (in Chapter 1042, the 2003 Appropriation Act), with certain adjustments to reflect central appropriations actions. *See "Central Appropriations Allocations" on page 10 of these instructions for a description of these items.*

In addition to central appropriations actions, the resource target for your agency may include certain other adjustments such as to:

- Remove one-time costs,
- Annualize partial-year funding, or
- Reflect specific nongeneral fund or position actions approved administratively.

Your agency's base budget submission may not exceed the amounts in the resource target. It must be less than or equal to the amount of the resource target, both for general fund and nongeneral fund amounts and for positions. If you have questions about your agency's resource target, please contact your DPB budget analyst.

What's new or different about the base budget submission?

The base budget submission is structured very much like the submission two years ago for the 2002-2004 biennial budget, in that it consists of two parts: an activity submission prepared in an

Access database, and a data submission by program/subprogram prepared through WebBEARS. However, a few things are slightly different this year:

- **Activity submission requires a short description.** DPB will provide you with a copy of the Access database that is pre-loaded with your agency's activities. You will need to record a short description of each activity, as well as to cost out the activity.
- **Activity submission requires break out by service category.** In addition to information on each activity, you must show for your agency as a whole the dollar amount for each of several service categories (such as aid to localities, aid to individuals, and so forth).

The Base Budget Activity Submission

The activity submission costs out each functional and support "activity" your agency conducts in FY 2004.

The Commonwealth has been using "activities" as well as the program structure to define government services and functions for a number of years. Your agency has a well-defined list of budget "activities" that you have developed and DPB has approved. Agencies reported on their activities in their budget submissions two years ago for the 2002-2004 budget submission. More recently, most Executive Branch agencies submitted a list of activities in May 2003. ***See "Definitions Used in These Instructions" on page 3 for more about activities.***

For your convenience, the Access database you will receive will be pre-loaded with your agency's activities. For most Executive Branch agencies, these will be the activities submitted in May 2003. For other agencies, the database may be pre-loaded with the activities submitted with the 2002-2004 biennial budget request. These activities are to be used as the starting point for your submission.

If you need to change your activities . . .

If your agency believes it is necessary to change the activities pre-loaded in the Access database (if, for example, the Cabinet Secretary suggests a change), ***you should first consult with your DPB budget analyst.***

Overall guidelines for the activity submission

- Total general fund and nongeneral fund dollars and positions in the submission (the sum of all the individual activities) may not exceed the amounts in the agency resource target provided by DPB in your "Base Budget Guidance." The submission can be less than the resource target (if, for example, your agency reduces its number of positions or adjusts nongeneral fund revenue downward).
- Your agency must fully fund all positions included in your base budget.

- In costing out positions in the base budget, be sure to follow all the guidelines in "Figuring Personal Services Costs" on page 11 in these instructions.
- Let your DPB budget analyst know if your agency plans to significantly change the way it conducts any of its activities in the 2004-06 biennium.

The activity submission database

Your DPB budget analyst will provide you with the Access database in which to prepare your activity submission. Completing this Access database requires several steps:

Step One:

In this section of the database, you will provide a short narrative description of each activity.

Step Two:

This section of the database has three tabs for you to provide financial detail:

- **Detailed Activity info: Dollars.** In this tab, you array the dollar cost of each activity for each year of the biennium and by fund group (fund detail for institutions of higher education).
- **Detailed Activity info: Positions.** In this tab, you array the positions associated with each activity for each year of the biennium and by fund group (fund detail for institutions of higher education).
- **Base Summary.** In this tab, you array your agency's entire base budget according to certain service categories (such as aid to localities, aid to individuals, grants to private entities, direct services, administration, and debt service). Information on this tab is unrelated to activities; you will have only one entry for your agency's total base budget.

Note that the total agency budget and position level in this submission must be equal to or less than the amounts shown in the resource target provided to your agency by DPB.

See Appendix A of this document for complete instructions for filling out the Activity Submission Database.

See "Packaging the Submissions" on page 17 of these instructions for specifics about sending the activity submission to DPB.

The Base Budget Data Submission

The data submission allocates your agency's base budget among assigned programs and sub-programs, objects/subobjects of expenditure, and fund group or fund detail.

Your data must be submitted using the new web-based system WebBEARS. Other methods of submission are no longer available.

In general, here are guidelines for developing your data submission:

- **Do NOT submit incremental changes.** Your submission should reflect your agency's total resource requirements for the new biennium.
- Your submission cannot exceed the dollars and positions in the agency total shown in the resource target provided to your agency by DPB.
- Array the dollar amounts for each program/subprogram by subobject code for all personal services expenses (e.g., 1111, 1112, 1123, etc.), and by major object for all nonpersonal services (e.g., 1295, 1395, etc.).
- ***You may not transfer dollars or positions between programs as part of the base budget submission.*** Should you wish to propose such a change, include it as a technical adjustment.

Preparing your data submission

- **Log on to WebBEARS.** Go to DPB's website at www.dpb.state.va.us and click on WebBEARS in the blue column at left. WebBEARS has detailed help screens throughout the program.
- **Choose "2004_Base."** In WebBEARS, be sure to choose the submission called "2004_Base" from the drop-down menu on the main screen. ***The base budget submission will automatically be coded as "Level 1."***
- **Personal services.** For all personal services, array your planned expenses by subobject detail. The following designated subobject codes are to be used if you make any adjustments in your submission for turnover and vacancy savings:

1192	Turnover/Vacancy Faculty Salaries
1193	Turnover/Vacancy Fringe Benefits
1194	Turnover/Vacancy Medical/Hospital Insurance
1195	Turnover/Vacancy Classified Salaries

  The following designated subobject codes are to record any adjustments in your submission for personal service recoveries:

1196	Indirect Cost Recoveries from Auxiliary Program for Personal Services	(*higher education only*)
1197	Indirect Cost Recoveries from Sponsored Programs for Personal Services	(*higher education only*)
1198	Inter-Agency Recoveries for Personal Services	
1199	Intra-Agency Recoveries for Personal Services	

  See "Figuring Personal Services Costs" on page 11 of these instructions for detailed information on how to calculate personal service amounts in your Base Budget Submission.

- **Nonpersonal services.** For all nonpersonal services, array the planned expenses by major object of expenditure. Use ONLY the designated convenience codes listed below (e.g., for your expenses in the 1200 major object of expense, enter your aggregate amount using the convenience code 1295). Do ***not*** use any other budgetary nonpersonal services convenience codes in the Expenditure Structure.

1295 Undistributed Contractual Services
1395 Undistributed Supplies and Materials
1495 Undistributed Transfer Payments
1595 Undistributed Continuous Charges
2195 Undistributed Property and Improvements
2295 Undistributed Equipment
2395 Undistributed Plant and Improvements
3195 Undistributed Obligations

For institutions of higher education only:

Please array planned recoveries for each nonpersonal service category of expenditures, using the designated subobjects:

1296 Indirect Cost Recoveries from Auxiliary Programs for Contractual Services
1396 Indirect Cost Recoveries from Auxiliary Programs for Supplies and Materials
1496 Indirect Cost Recoveries from Auxiliary Programs for Payments
1596 Indirect Cost Recoveries from Auxiliary Programs for Continuous Charges
2196 Indirect Cost Recoveries from Auxiliary Programs for Property and Improvements
2296 Indirect Cost Recoveries from Auxiliary Programs for Equipment
2396 Indirect Cost Recoveries from Auxiliary Programs for Plant and Improvements
3196 Indirect Cost Recoveries from Auxiliary Programs for Obligations

- **Fund/fund detail information.** Include in your submission fund information at the program level by fund group. If your agency normally uses fund detail information, include this level of detail. Institutions of higher education must include fund detail information.
- **Balancing the submission.** Before submission, make sure that the total dollars and positions by fund/fund detail at the program level balance to the dollars and position level by subobject detail at the program level.

  Remember also that the agency total for dollar amounts and for positions must be **no more than** the amount shown in the resource target provided to your agency by DPB.
- **Remember to click the 'Complete Submission' button.** WebBEARS automatically sends DPB an e-mail when you complete your data submission by clicking on the final "Complete Submission" button.

See "Packaging the Submissions" on page 17 of these instructions for specifics about sending the data submission to DPB.

Central Appropriations Allocations

The 2003 Appropriation Act contains a number of Central Appropriations adjustments that will continue into the 2004-2006 biennium. These adjustments must therefore be allocated to agencies and institutions of higher education in their resource targets. Your agency's base budget submission will distribute some of these central appropriations adjustments across the appropriate subprograms and activities.

Below is a general explanation of the major general fund and nongeneral fund adjustments included for the base budget submission and a description of the methodology that was used to calculate these adjustments. (For your information and where appropriate, references are given to the item numbers in the 2003 Appropriation Act.) Every agency is not affected by all of the items.

- **Health insurance premium payments (Item 504):** This adjustment provides funds for the increased employer cost of health insurance premiums. The following table shows the agency premiums upon which this transfer is based:

Type of Coverage	Monthly Premium	Annual Premium
COVA Care (Statewide)		
Single	$264	$3,168
Employee Plus One	$471	$5,652
Family	$690	$8,280
Kaiser (Northern Virginia Only)		
Employee only	$263	$3,156
Employee plus one	$468	$5,616
Family	$687	$8,244

  The agency reimbursement amounts were computed using actual agency health insurance participation data provided by the Department of Human Resource Management. The number of participants by type was multiplied by the incremental change in the premium rates for the respective type of coverage.

- **Annualization of FY 2004 salary increases for state and state-supported local employees (Item 511):** This adjustment provides funds for the annualized cost of the 2.25 percent salary adjustment for state employees on November 25, 2003, and the similar increase for state-supported local employees on December 1, 2003. The associated fringe benefit costs are included in the cost of the salary adjustment.

- **Virginia Sickness and Disability Program rate change (Item 511):** This adjustment reflects an increase in the contribution rate for disability insurance and the Virginia Sickness and Disability Program. For non-law enforcement employees, this adjustment reflects the difference between 0.83 percent of salaries and 1.07 percent of salaries. For law enforcement (SPORS and VaLORS) employees, the adjustment reflects the difference between 1.10 percent of salaries and 1.42 percent of salaries.

- **Property insurance premium change (Item 512):** This adjustment reflects an increase in the premiums paid by state agencies to the Department of Treasury for property insurance.

NOTE: Certain benefit adjustments not included in base budgets

Certain benefit rate changes that are in effect for FY 2004 have not been included as adjustments to agency base budgets for the 2004-06 biennium. They are:

- The premium holiday for group life insurance,
- The retirement contribution rate reductions, and
- The retiree health credit rate reduction.

The 2004-2006 rates for these programs are not available at this time. Any changes to these rates beyond what is funded in agency base budgets will be addressed later in the budget development process.

The result of not adjusting base budgets for these benefit rates is that the rates used for budgeting are equivalent to the rates built into agency base budgets for the current biennium (2002-2004). The fringe benefit table on page 12 includes these rates for retirement, group life insurance, and the retiree health credit.

Figuring Personal Services Costs

The salary and fringe benefit amounts in your submission must be sufficient to **fully fund the position level included in your agency's resource target.**

Turnover and vacancy

Some agencies plan for normal turnover and vacancy savings. You **must** still fully fund the target position level, but you may use turnover and vacancy savings in part to fulfill this requirement. You must show these savings in one of the following designated subobject codes in your data submission.

1192 Turnover/Vacancy Faculty Salaries
1193 Turnover/Vacancy Fringe Benefits
1194 Turnover/Vacancy Medical/Hospital Insurance
1195 Turnover/Vacancy Classified

Fringe benefits

In developing your submission, use the following rates to calculate fringe benefit costs.

Subobject	Factor	Employer Costs
1111	**VRS Retirement Contributions**[1]	
	State employees	9.24 percent of payroll
	Judges	50.00 percent of payroll
	State Police	30.00 percent of payroll
	VaLORS	21.15 percent of payroll
1112	**Social Security**	6.20 percent of payroll, **capped** at $87,000
1112	**Medicare**	1.45 percent of payroll

Subobject	Factor	Employer Costs
1114	**Group life insurance premium**[1]	0.80 percent of payroll
1115	**Employer Health Insurance Premiums** **COVA Care (Statewide)** Single Employee Plus One Family **Kaiser (Northern Virginia Only)** Single Employee Plus One Family	 $3,168 $5,652 $8,280 $3,156 $5,616 $8,244
1116	**Retiree Health insurance credit premium**[1]	1.21 percent of payroll
1117	**VSDP & Long-Term Disability Insurance** State employees State Police VaLORS	 1.07 percent of payroll 1.42 percent of payroll 1.42 percent of payroll
1118	**Teachers Insurance and Annuity**[2]	10.4 percent of payroll
1119	**Defined Contribution Plan**[3]	10.4 percent of payroll
1138	**Deferred Compensation Match Payments**	One-half of an employee's contribution per pay period, up to a maximum of $20 per pay period or $480 annually.

[1]Rates for retirement, group life, and the retiree health credit represent the amounts funded in agency base budgets and not the FY 2004 rates. These rates are for base budget planning only and will vary from actual 2005-06 rates.

[2]For institutions of higher education: This includes alternative retirement options, such as TIAA-CREF, for those employees as defined in § 51.1-126 of the Code of Virginia.

[3]Used for employees eligible for a defined contribution plan established pursuant to § 51.1-126.5 of the Code of Virginia.

The annualized cost of FY 2004 salary adjustments and other FY 2004 changes in fringe benefit costs have been included in the base adjustments for your agency. Any subsequent changes in these benefit rates for the 2004-2006 biennium will be addressed later.

Other personal services costs

Make sure that you include in your submission any projected expenditures in the next biennium for **other personal services costs,** such as overtime payments, wage employment, and payment of leave balances.

Part 2: Technical Adjustments

This section provides specific details on preparing any proposed technical adjustments.

Overview of the technical adjustments

Technical adjustments are **due on September 15, 2003**. Your agency may choose to submit technical adjustments. ***In addition, your DPB budget analyst may direct you to submit certain technical adjustments.*** Your submission will consist of:

- **The technical adjustment narrative (Form TAN).** This is a short narrative description of the purpose and rationale of the proposed adjustment. The form is a Word document that you will transmit to DPB electronically as an e-mail attachment or disk.
- **The data submission.** This data submission is to be prepared and submitted through Web-BEARS. It shows the dollars and positions affected by the proposal by program/subprogram and by object of expenditure (subobject for personal services and major object for nonpersonal services).

Technical adjustments are any changes to your agency's budget that do not involve policy decisions. Examples of technical adjustments include proposals to:

- Remove one-time costs,
- Annualize partial year funding,
- Shift funds or positions between programs or subprograms,
- Account for additional nongeneral fund revenue that does not involve a policy decision and that has already been approved or will be approved administratively for FY 2004, such as a federal grant that will continue for several years, or
- Account for an increase in position level to reflect actions already approved administratively.

Technical adjustments will not be allowed for routine cost or rate increases. Any change to your agency's budget involving cost increases or decreases due to rate changes or to changes in workload or caseload must be submitted later as a "decision package." New revenues to be generated in the 2004-2006 biennium must also be requested in a decision package.

It is recommended that you consult with your budget analyst prior to submitting a proposed technical adjustment, to make sure that your proposal falls within the criteria.

The technical adjustment narrative (Form TAN)

The technical adjustment narrative (Form TAN) provides DPB with a short description of your proposed adjustment and the rationale or need for it. You must complete a separate Form TAN for each proposed technical adjustment. If you have more than one proposed technical adjustment, include the narratives in one Word document, separating each with a page break. Submit the document to DPB as an attachment to an e-mail.

See Appendix B of this document for a copy of Form TAN and instructions for completing it. The form can be downloaded from DPB's web site at www.dpb.state.va.us by clicking on the "Documents and Forms" button and then typing "technical adjustments" in the search box.

See "Packaging the Submissions" on page 17 of these instructions for specifics about sending the Form TAN to DPB.

The technical adjustment data submission

The data submission for each proposed technical adjustment is prepared and submitted through WebBEARS. Here are some guidelines:

- **Choose "2004_Technicals."** In WebBEARS, be sure to choose the submission called "2004_Technicals" from the drop-down menu on the main screen. ***The submission will automatically be coded as "Level 2."***
- **Use addenda series 800**. Use the 800 series for technical adjustments. If your agency has more than one technical adjustment to propose, assign the numbers consecutively, starting with 800 and continuing with 801, 802, etc.
- **Follow the instructions for base budget.** Follow the instructions on pages 8 and 9 of these instructions for personal services and nonpersonal services.
- **Remember to click the 'Complete Submission' button.** WebBEARS automatically sends DPB an e-mail when you complete your data submission by clicking on the final "Complete Submission" button.

See "Packaging the Submissions" on page 17 of these instructions for specifics about sending the technical adjustment data submission to DPB.

Part 3: Other Reporting Requirements

This section provides details on preparing the forms for other reporting requirements.

In recent years, the General Assembly has enacted several provisions requiring agencies to make reports of certain information. The following is required annually:

Item	DPB form
• **Federal spending.** Section 2.2-603 (E) of the Code of Virginia requires that agencies report annually the percentage of their spending that is from federal funds.	**Form FS** *(Word document)*
• **Federal mandates.** Section 2.2-603 (E) of the Code requires agencies to list any federal regulations or mandates affecting the agency and to estimate the cost of compliance.	**Form FM** *(Word document)*
• **Federal grants.** Section 2.2-603 (E) of the Code requires agencies to compile information regarding any federal contracts, loans, or grants in excess of $1.0 million for which they may be eligible.	**Form FF** *(Word document)*
• **Match requirements for federal funding.** This form requires you to indicate the state match required for any federal grants your agency expects to receive in FY 2005 and FY 2006.	**Form FMR** *(Excel document)*
• **Organizational memberships.** Section 4-5.07 c2 of the 2003 Appropriation Act requires agencies to report on organizational memberships with annual dues of $5,000 or more.	**Form OM** *(Word document)*

These forms must be submitted by September 15, 2003. Note that Forms FF, FM, and FS are **not** required for institutions of higher education. Forms FMR and OM, however, are required for institutions of higher education.

The forms are to be submitted as separate files as attachments to an e-mail to DPB.

See Appendix B of this document for the forms. Instructions are contained on each form. Forms can be downloaded individually from DPB's web site at www.dpb.state.va.us by clicking on the "Documents and Forms" button and then typing "reporting requirements" in the search box.

See "Packaging the Submissions" on page 17 of these instructions for details on sending the forms to DPB.

Part 4: Packaging the Submissions

This section provides details on transmitting to DPB the base budget submission, technical adjustments, and other reporting requirements.

The three submissions outlined in these instructions – the base budget submission (including the activity submission and the data submission), the technical adjustments, and the other reporting forms – are all due to DPB on or before September 15, 2003.

The Base Budget Submission

Activity submission

The activity submission is submitted through the Access database that your DPB budget analyst provided you. The preferred method of submission is to enclose the electronic file as an attachment to an e-mail to DPB.

The file you will receive from your budget analyst will already be named with your agency code and agency title abbreviation. (For example, the University of Virginia will be named "207UVA-ABBS.mdb") Please do not rename the file.

Send the activity submission in a separate e-mail: budget@dpb.state.va.us. ***Please put your agency code and the words "activity submission" in the subject line of the e-mail.***

If it is not possible for you to e-mail the file, mail a diskette containing the file to your DPB budget analyst. Remember to clearly label your diskette with your agency name, agency code, and the phrase "Activity Submission."

Data submission

Submit your data submission using WebBEARS, the new web-based budget submission system. WebBEARS can be reached from DPB's web site. (Go to www.dpb.state.va.us, then click on the WebBEARS icon under "Agency Systems" in the blue column at left.) Here are some tips on using WebBEARS:

- **If you don't have access to WebBEARS**. You must first complete an "access request form" to receive a login ID and password before using the system for the first time. Most agencies have already obtained a login ID. If you have not done so, however, simply fill in the required information after clicking on "access request form" and then click the "submit" button.
- **To get help with WebBEARS:** WebBEARS has friendly "Help" screens that guide you through the system. If you have technical questions beyond the information on the "help"

screens, please contact your DPB budget analyst. If your budget analyst is unavailable, you may call:

Martha Twiggs	804-786-1429
Van Nessa Davis-Thornton	804-786-2541

- **To complete the submission:** WebBEARS automatically sends DPB an e-mail when you complete your data submission by clicking on the final "Complete Submission" button. Don't forget to click the button to make sure your submission is sent.

Technical Adjustments

Technical adjustment narrative (Form TAN)

You must complete a Form TAN for each proposed technical adjustment. If you have more than one technical adjustment, include all the justifications in ***one*** Word document, separating each with a page break. Submit the document to DPB using the following naming convention: your agency code followed by "TAN." If you are agency 999, your file would be named "999TAN.doc"

The preferred method of submission is to enclose the electronic file as an attachment to an e-mail to DPB.

Send the Form TAN in a separate e-mail to: budget@dpb.state.va.us. ***Please put your agency code and the word "technicals" in the subject line of the e-mail.***

If it is not possible for you to e-mail the file, mail a diskette containing the file to your DPB budget analyst. Remember to clearly label your diskette with your agency name, agency code, and the phrase "Form TAN."

Technical adjustment data submission

You must submit the data for any technical adjustments using WebBEARS as you do with the data portion of the Base Budget Submission. Be sure to click on "2004_Technicals" on the drop down menu on the main screen. Use the 800 series for the addenda numbers. ***See "Data submission" above for more tips on accessing and using WebBEARS.***

Other Reporting Requirements

Submit your agency's Forms FF, FS, FM, FMR, and OM to DPB using the following naming convention: your agency code followed by the form letters. Form OM for agency 999, for example, would be named "999OM.doc." Likewise, Form FF would be named "999FM.doc."

The preferred method of submission is to enclose the electronic file as an attachment to an e-mail to DPB.

Send the forms as attachments in a separate e-mail to: budget@dpb.state.va.us. ***Please put your agency code and the word "other forms" in the subject line of the e-mail.***

If it is not possible for you to e-mail the forms, mail a diskette containing the file to your DPB budget analyst. Remember to clearly label your diskette with your agency name, agency code, and the phrase "other forms."

Appendix A

Instructions for completing the Activity Submission Database

General information

Your DPB analyst will provide you with this Access database. For your convenience, your agency's most recent activity list (either the submission for the 2002-2004 biennial budget or the submission in May 2003) has already been loaded into the database. This information includes your agency name and code, activity titles and numbers.

The database has two main parts. In the first part, agencies must enter information about their activities. In the second part, agencies provide financial detail. <u>The first part must be completed before moving on to the second part.</u>

Step One:

In this section of the database, you will provide a short narrative description of each activity. You must complete Step 1 prior to completing Step 2.

Remember that, if you need to change your activities (if for example, the Cabinet Secretary suggests a change), you must first consult with your DPB budget analyst.

Step Two:

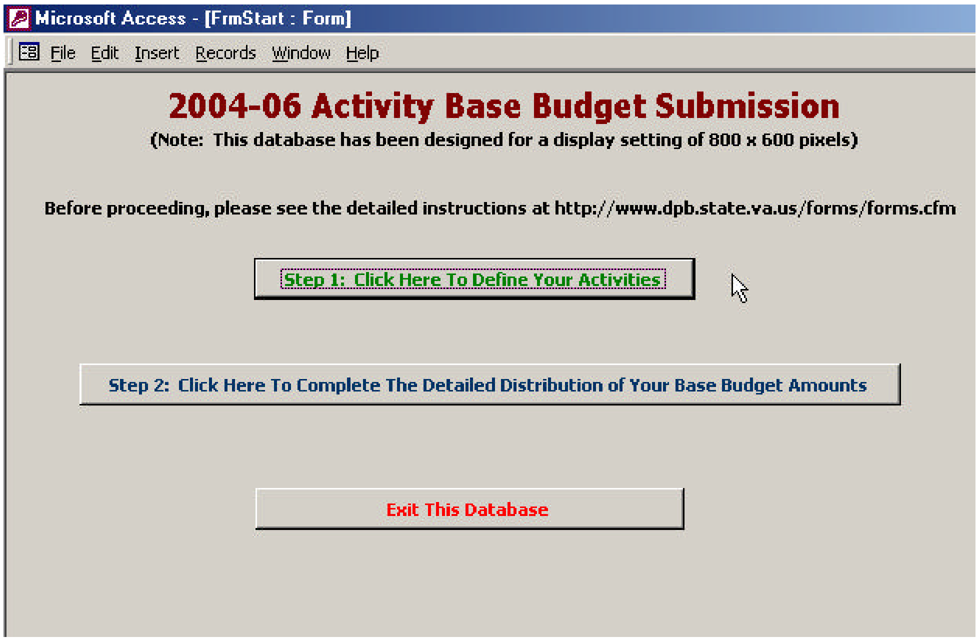
This section of the database has three tabs for you to provide financial detail:

- The **Detailed Activity Financial Info: Dollars tab** includes the main data-entry form in which you will enter, for <u>each activity</u>, information on <u>dollar</u> <u>amounts</u>.
- The **Detailed Activity Financial Info: Positions** tab includes the main data-entry form in which you will enter, for each activity, information on <u>positions</u>.
- **Base Summary** tab includes dollar amounts, <u>for the agency as a whole</u>, in certain service categories. Note, the information on this tab is <u>not</u> <u>tied</u> <u>to</u> <u>activities</u>, but relates to the agency's entire base budget.

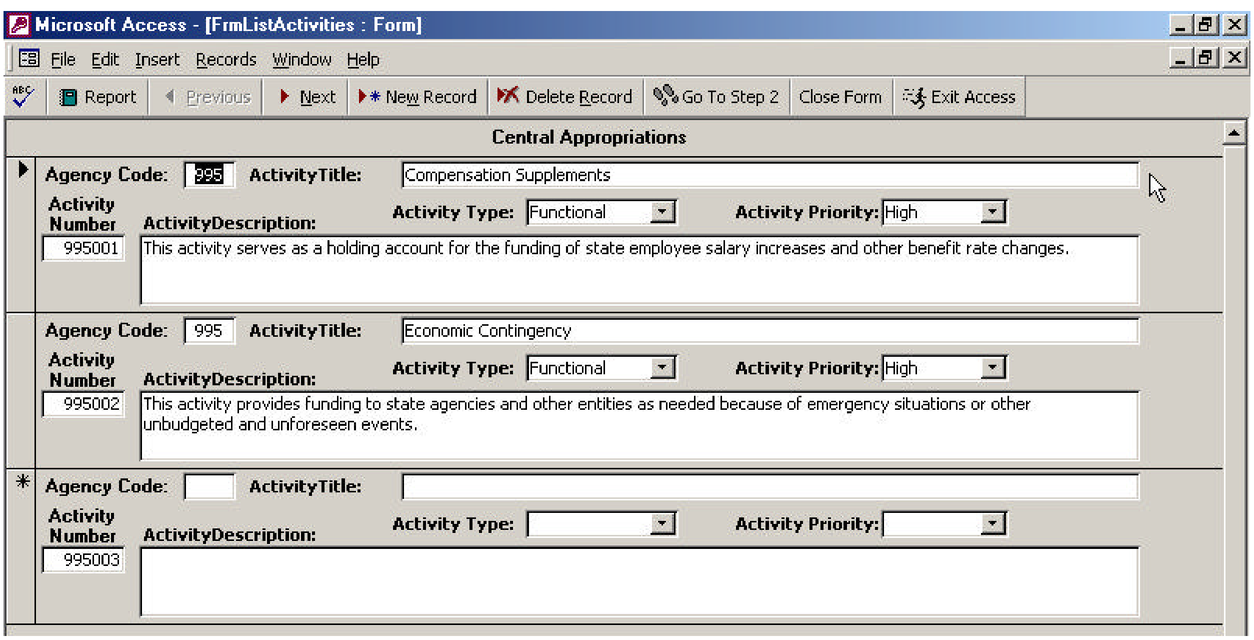
See the instructions that follow for details on how to complete each part of the database.

STEP 1

When you first open the database, you will see the following screen:



Click on the button labeled "Step 1: Click Here To Define Your Activities" to begin the first part of the submission. You should see the following screen:



For most agencies, the database should be pre-loaded with the activity titles and numbers. For most Executive Branch agencies, the activities listed are the same as those submitted in May

2003. Otherwise, the activities listed are from the last activity-based budget submission for the 2002-2004 budget.

If for some reason, your activity titles and numbers have not been pre-populated or you need to create an additional record, make sure to enter your agency code in the appropriate block and make sure to include a unique activity number for each activity. The activity number should be six digits:

- The first three should be your agency code
- The last three digits are preferably sequential numbers.

In the example, two activities are shown for agency 995. The activity numbers are 995001 and 995002.

(Note: If you are making changes to your activity structure, you should clear any changes with your DPB budget analyst prior to finalizing your submission.)

For each activity, complete the following information:

1) **Agency Code:** Self explanatory
2) **Activity Title**: A brief title for the activity. For most Executive Branch agencies, these will be the same activities as submitted in May 2003.
3) **Activity Number:** As previously described, a unique identifying number for each activity, which consists of the agency code plus a three-digit number, for a total of six digits.
4) **Activity Type:** Select either "Functional" or "Support" for each activity. See "Definitions Used in These Instructions" on page 3 for the meaning of these terms.
5) **Activity Priority:** Comparing your agency's activities one to another, select a priority for each activity: "Low," "Medium," or "High." About a third of your agency's activities should be in each category.
6) **Activity Description:** A brief description of the activity. With a few paragraphs, describe as fully as possible what the activity is, the purpose of the activity, the clients/audience served, etc.

Use the toolbar at the top of the screen to navigate through your records or to add or delete records. There is also a button on this toolbar labeled "Report" which allows you to run and print a report of the information entered in the form.

Please run a "spell check" on the activity information by using the spell check button on the toolbar.

STEP 2

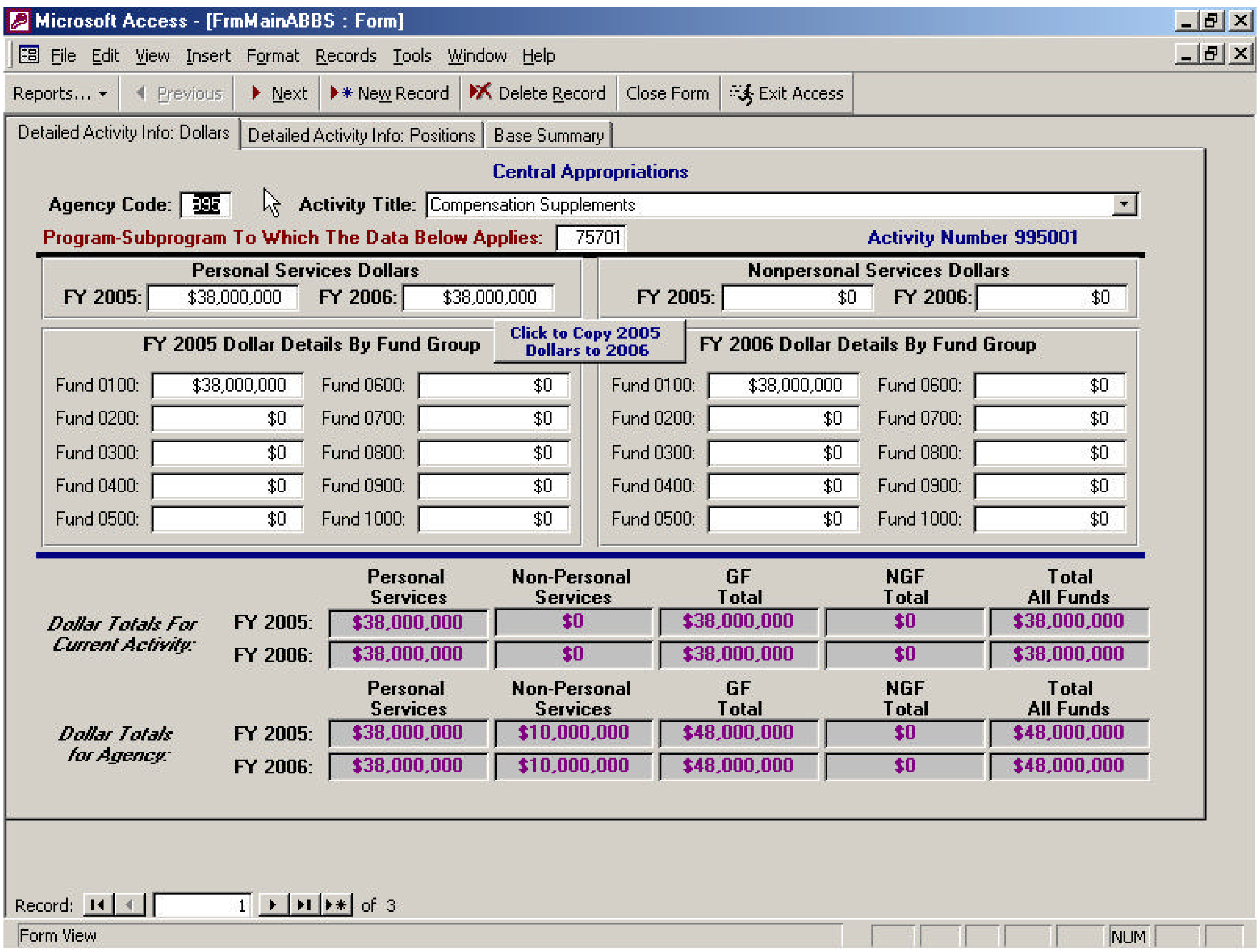
Once you have completed Step 1, you can then move on to Step 2. You can do this by either clicking the button on the activity list form toolbar labeled "Go To Step 2" or by clicking the button on the "Start" page of the database labeled "Step 2: Click Here To Complete The Detailed Distribution of Your Base Budget Amounts."

You should see a form with three tabs. This is where you will array your base budget amounts by activity and program-subprogram.

- The first tab is to array by activity the dollar amounts for FY 2005 and FY 2006.
- The second tab is to array by activity the authorized positions.
- The third tab is independent of activity. In this tab you will need to array the total amount of your agency's base budget for general and nongeneral fund across various service categories.

Tab 1 ("Detailed Activity Info: Dollars")

On this tab, you will be arraying the dollar amounts for each of your agency's activities across programs and subprograms. The screen is as follows:



1) To create a new record, click the "New Record" button on the toolbar at the top of the screen.

2) Make sure your agency code is included on each new record.

3) Select an activity title from the list (if you have not completed Step 1, this list will not be complete).

4) Enter a 5-digit program/subprogram code (for example, program 704, subprogram 01 would be 70401).

5) Enter the dollar amounts for the listed activity that are included in the listed program/subprogram. You will be entering these amounts in two ways: (1) by personal services and nonpersonal services and (2) by fund.

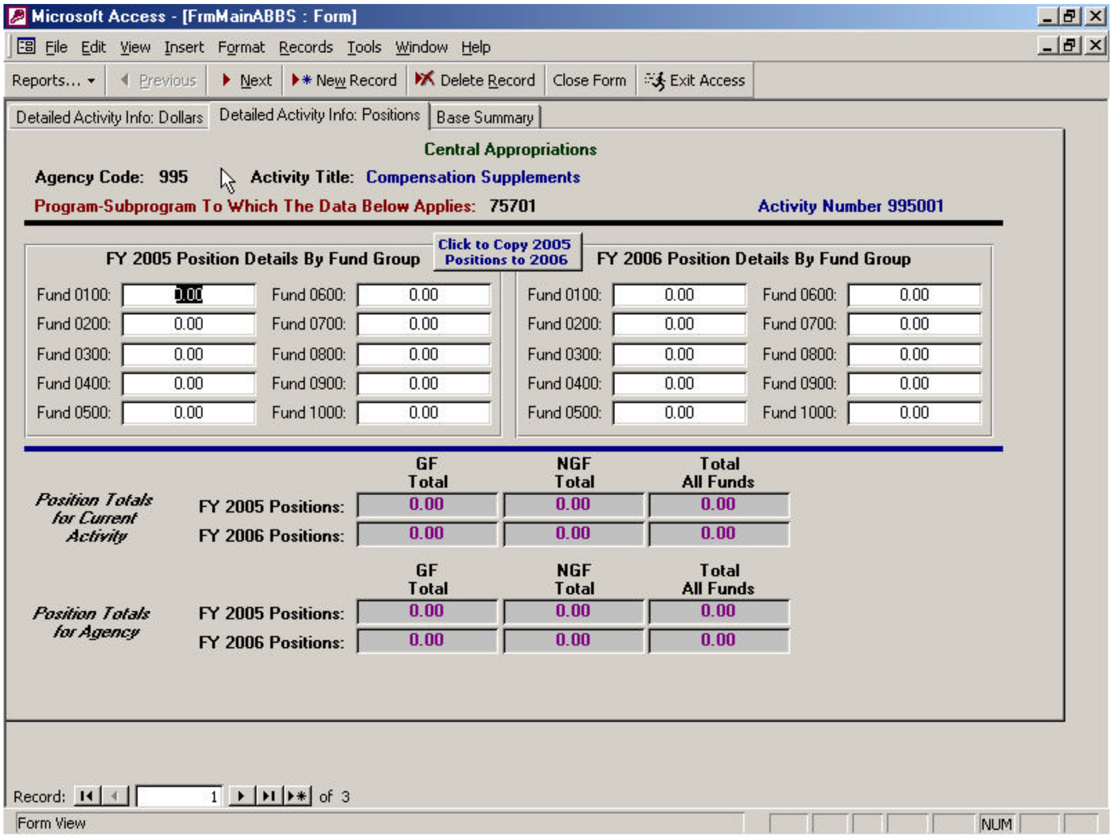
6) With most agencies, the 2006 dollar amounts will be the same as the 2005 amounts. In these cases, you can fill out the 2005 dollar amounts for a record and then click the button in the middle of the screen labeled "Click to Copy 2005 Dollars to 2006" to copy the first year amounts to the second year.

7) The dollar total for the current activity as well as for the agency can be seen at the bottom of the screen.

8) If an activity spans multiple programs/subprograms, add additional records as needed for each activity. (For example, in the previous figure, the record lists amounts for the activity "compensation supplements" as they apply to the program/subprogram "75701". If the "compensation supplements" activity also had dollar amounts in program "75702," then another record would be required.)

Tab 2 ("Detailed Activity Info: Positions")

On this tab, you will be arraying <u>authorized</u> <u>positions</u> for each of your agency's activities across programs and subprograms.



1) Near the top of the screen, the agency code, activity, and program/subprogram to which the data applies is displayed. (This is the continuation of the record you began on the first tab.)

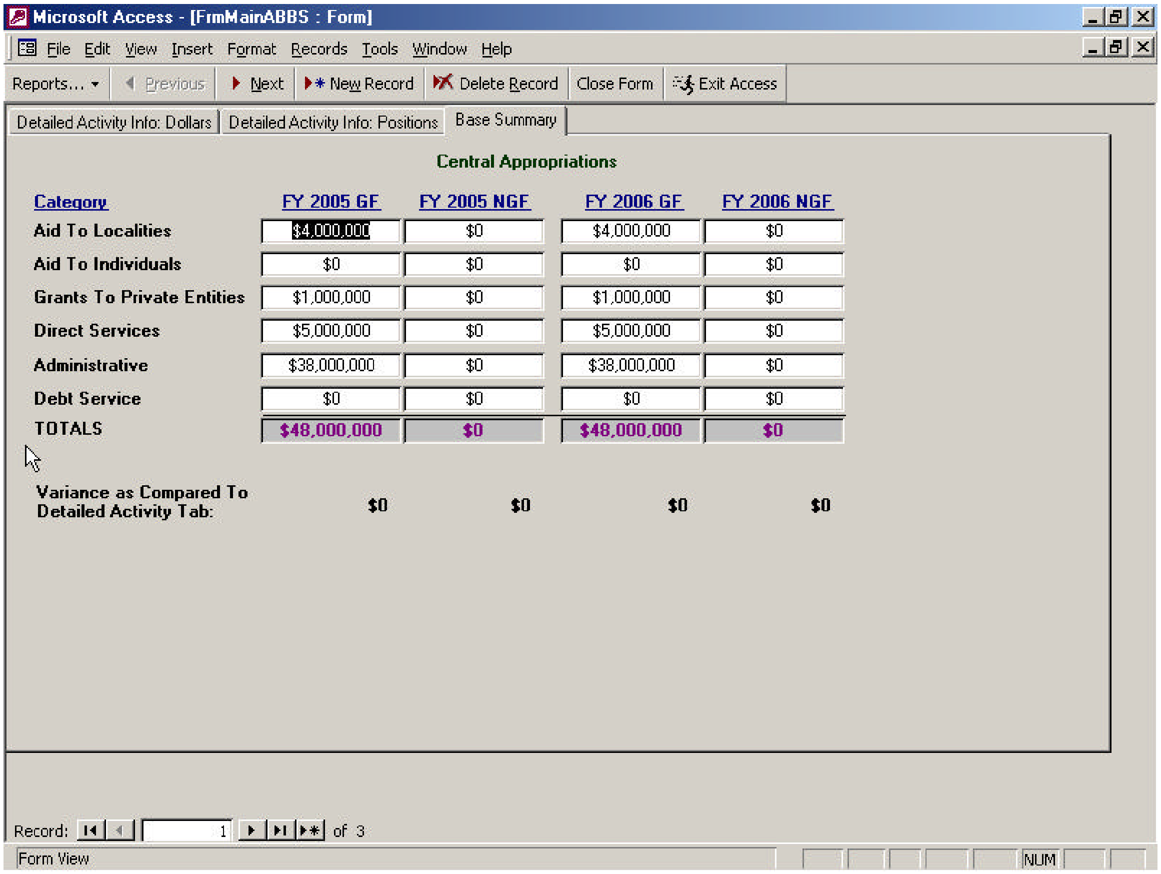
2) Enter the authorized positions by fund as they apply to the activity and program/subprogram listed at the top of the screen.

3) As with the dollar amounts, most agencies will have the same number of authorized positions in 2006 as in 2005. In these cases, you can enter the positions for 2005 and then click the button in the middle of the screen labeled "Click to Copy 2005 Positions to 2006" to copy the first year positions to the second year.

4) As with the dollar totals, the position totals for the current activity and the agency can be seen at the bottom of the screen.

Tab 3 ("Base Summary")

On this tab you will array the total general and nongeneral fund base budget amounts for your agency by various service categories. This tab is not linked to the records contained in the first two tabs. In the third tab, you will only need to fill out one record for the entire agency. You should not add or delete any records on the third tab.



1) Enter the amounts for your agency in the categories listed on the form. (The amounts you will enter refer to the <u>total</u> for your agency. They do <u>not</u> refer to a specific activity.)

2) See "Definitions Used in These Instructions" on page 3 for the meaning of each of the service categories.

3) On the line labeled "Variance as Compared To Detailed Activity Tab," the difference between the total for the agency as entered in the first tab and the total entered on the third tab is calculated. Prior to finalizing your submission, this variance should equal to zero for all funds in both years.

Reports

There are three reports that you can view and print by clicking on the "Reports" button on the toolbar:

- Detailed listing by activity/program-subprogram,
- Activity and agency totals, and
- A summary of the agency's base budget as depicted in the third tab of the form.

Remember to save your completed activity database using the required naming convention. DPB will send the database to you named with your agency's code and abbreviation. For example, the University of Virginia will be named "207UVA-ABBS.mdb". <u>Please do not rename the file</u>.

Appendix B

Instructions for completing the Technical adjustment narrative (Form TAN)

General information

Please use the Word format provided by DPB.

You can download the format for Form TAN from DPB's web site (go to www.dpb.state.va.us then click on the "State Agency Services" button, choose Forms and Instructions, then type in "Form TAN" in the Search window).

If you have more than one technical adjustment, you must complete a separate narrative justification for each technical adjustment. You must put all the narratives in ***one*** Word document to send to DPB electronically. Use a page break between individual technical adjustments.

You must complete all the items. If an item is not applicable, insert "N/A." Do not delete any items.

When you complete the justifications, name the file according to the following convention: your agency's three-digit code followed by "TAN." Example: If you are agency 999, the file would be named 999TAN.doc

Specific information

- **Item 1. Agency name:** Type in the agency name.
- **Item 2. Agency code**. Insert your agency's three-digit code.
- **Item 3. Addenda number.** Use the 800 series. If your agency is proposing more than one technical adjustment, number the first one 800, the second one 801, and then sequentially, 802, 803, etc. It is important that you use the SAME number here that you do in the WebBEARS data submission.
- **Item 4. Title.** Insert a short descriptive title (no more than 100 characters long) describing the action.
- **Item 5. Description.** Summarize the actions your agency proposes to take.
- **Item 6. Rationale/need for the request.** What issue or problem are you trying to resolve? What is the need for the proposed action? Be as specific as possible.
- **Item 7. Nongeneral fund sources.** Put an X in the appropriate box to indicate if the proposed technical adjustment involves a change in nongeneral fund revenue. If "yes," insert in the table the revenue source code, the fund/fund detail code, the title of the fund/fund detail, and the amount for each year of the biennium. Add additional lines if needed for more revenue source codes or fund details. Also provide in the block marked "Explain below" the

methodology used to calculate the nongeneral fund amounts. Mention if the nongeneral funds involved are grant funds.

- **Item 8. Methodology for cost of proposal.** Provide an explanation of the methodology used to calculate the figures in the technical adjustment.

Remember to save your completed narratives in one document with the following file naming convention: your agency's three-digit code followed by "TAN." Example: If you are agency 999, the file would be named 999TAN.doc.

Technical adjustment narrative (Form TAN)

1. Agency name: ______________________________ **2. Agency code:** __________

3. Addenda number: __________ **4. Title:** ______________________________

Section 1: General Description

5. Description

6. Rationale/ need for the request

7. Nongeneral fund sources ☐ **YES** ☐ **NO** **If YES, fill in table below:**

Revenue Source Code	Fund/ Fund Detail Code	Fund/Fund Detail Title	FY 2005 amount	FY 2006 amount

Explain below:

8. Methodology for cost of proposal

DPB Form FF

Virginia Department of Planning and Budget

REPORT ON FEDERAL CONTRACTS, GRANTS, OR MONEY

INSTRUCTIONS

The Code of Virginia §2.2-603(E) requires that agencies report on the availability of federal contracts, grants, or money in excess of $1.0 million:

> *The director of each agency in any branch of state government shall, at the end of each fiscal year, report to the Secretary of Finance a listing and general description of any federal contract, grant, or money in excess of $1,000,000 for which the agency was eligible, whether or not the agency applied for, accepted, and received such contract, grant, or money, and, if not, the reasons therefore.*

On this form, report all federal contracts, grants, or money in excess of $1,000,000 that your agency was eligible for in FY 2003. Fiscal year 2003 is the state fiscal year that began on July 1, 2002, and ended on June 30, 2003. Complete this form and return to DPB by September 15, 2003. This form is not required for institutions of higher education.

Agency name: ______________________________ **Agency code:** ______________

FEDERAL CONTRACTS, GRANTS, OR MONEY

				***Yes or No** (insert Y or N in the appropriate column)*			
Revenue Code*	***CFDA Code****	***Short Title***	***Annual $ Amount***	***Applied For***	***Accepted***	***Received***	***Reason for Not Applying for, Accepting, or Receiving***

* Insert the appropriate Commonwealth revenue source code and the Catalog of Federal Domestic Assistance code.

CONTACT INFORMATION

Name & Title of person completing this form *Phone number* *Date*

j:\inetpub\wwwroot\dpbweb\forms\04instrux\basebudget\basebudget2004-2006.doc

Virginia Department of Planning and Budget

COST OF FEDERAL MANDATES OR REGULATIONS

INSTRUCTIONS

Section 2.2-603 (E) of the Code of Virginia requires that agencies report annually on any federal mandates affecting the agency:

> *The director of each agency in any branch of state government shall, at the end of each fiscal year, report to the Secretary of Finance. . .a listing and cost of any federal mandate or regulation affecting the agency. . .*

In the spaces below, list any federal mandate or regulation affecting your agency (giving complete citation and title), and estimate the cost to your agency to comply with the regulation or mandate in state fiscal year 2003. (State fiscal year 2003 is the year that began July 1, 2002, and ended on June 30, 2003.)

Complete this form and return to DPB by September 15, 2003. This form is not required by institutions of higher education.

Agency name: ____ **Agency code:** __________

Federal Mandates or Regulations

Citation	*Title of statute or regulation*	*FY 2003 Cost*

CONTACT INFORMATION

________________________________ ________________ ________________

Name & title of person completing form *Phone number* *Date*

Virginia Department of Planning and Budget

REPORT ON FEDERAL SPENDING

INSTRUCTIONS

The Code of Virginia §2.2-601(E) requires that agencies report the percentage of their spending from federal funds:

> *The director of each agency in any branch of state government shall, at the end of each fiscal year, report to the Secretary of Finance the dollar amount and corresponding percentage of the agency's total annual budget that was supplied by funds from the federal government.*

On this form, report your expenditures (not appropriations) from federal sources for FY 2003. Fiscal year 2003 is the state fiscal year that started on July 1, 2002, and ended on June 30, 2003. Complete this form and return to DPB by September 15, 2003. This form is not required for institutions of higher education.

Agency name: ______________________ **Agency code:** __________

FEDERAL SPENDING

Check the appropriate box:

☐ **This agency did not expend any federal funds in FY 2003.**

☐ **This agency expended federal funds in FY 2003.**

(If you check this box, complete the following:)

Total agency expenditures for FY 2003 $ ______________

Amount of FY 2003 expenditures from federal sources $ ______________

Percent of FY 2003 expenditures from federal sources ______________ %

Note: Round percent to one decimal place (Example: 24.6%)

CONTACT INFORMATION

______________________ ______________ ______________

Name & title of person completing form *Phone number* *Date*

DPB Form OM (2003)

Virginia Department of Planning and Budget

ORGANIZATIONAL MEMBERSHIPS OF STATE AGENCIES

INSTRUCTIONS

Section 4-5.07 C.2 of the 2003 Appropriation Act requires agencies to report on organizational memberships with annual dues of $5,000 or more.

Your agency is requested to provide this information for organizations in which it will hold membership during the current state fiscal year (FY 2004, which began July 1, 2003, and will end on June 30, 2004). You must provide the name of the organization and the purpose of the membership. This information is needed only for membership dues of $5,000 or more. Complete this form and return to DPB by September 15, 2003.

Agency name: ______________________________ **Agency code:** __________

Name of person completing this form: ______________________ **Date:** __________

Organizational memberships during FY 2004

Name of organization	*Annual dues*	*Purpose of agency membership*
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

DPB Form FMR

Match Requirements for Federal Funding

This form can be downloaded from DPB's website.

Note that instructions for the form are on a separate tab within the Excel worksheet.